

**INCOME TAX: ESSENCE AND PROCEDURE OF PAYMENT IN THE REPUBLIC OF
UZBEKISTAN**

Turayev Alijon Akmal ugli

Acting associate professor of the department
of “Investment and Innovations”, PhD

alijon.turayev@mail.ru

Vakhobov Abdurashidjon Bekzod ugli,

Student of Samarkand institute of economics and service

Abstract

This article analyzes the economic essence of income tax and the procedure for its payment in the Republic of Uzbekistan. The study examines the theoretical foundations of income taxation, its role in the fiscal system, and the mechanisms for calculating and paying personal income tax based on the current tax legislation of Uzbekistan. The research is based on scientific literature, legal documents, and statistical data related to tax revenues. The paper also highlights the importance of digital tax administration and modern reforms aimed at improving tax compliance and transparency in the taxation system.

Keywords

income tax, taxation system, tax policy, fiscal regulation, tax administration, personal income tax, Uzbekistan tax system.

Annotatsiya

Mazkur maqolada daromad solig‘ining iqtisodiy mohiyati hamda uni to‘lash tartibi ilmiy jihatdan tahlil qilingan. Tadqiqotda daromad solig‘ining nazariy asoslari, davlat moliya tizimidagi o‘rni va O‘zbekiston Respublikasining amaldagi soliq qonunchiligi asosida jismoniy shaxslarning daromad solig‘ini hisoblash hamda to‘lash mexanizmlari o‘rganilgan. Tadqiqot ilmiy adabiyotlar, normativ-huquqiy hujjatlar va statistik ma‘lumotlar asosida olib borilgan. Shuningdek, maqolada soliq ma‘murchiligini raqamlashtirish va soliq tizimini takomillashtirish masalalari ham yoritilgan.

Kalit so‘zlar

daromad solig‘i, soliq tizimi, soliq siyosati, fiskal tartibga solish, soliq ma‘murchiligi, jismoniy shaxslar daromad solig‘i, O‘zbekiston soliq tizimi.

Аннотация

В данной статье рассматриваются экономическая сущность подоходного налога и порядок его уплаты в Республике Узбекистан. В исследовании анализируются теоретические основы налогообложения доходов, его роль в фискальной системе, а также механизмы исчисления и уплаты подоходного налога физических лиц на основе действующего налогового законодательства Узбекистана. Исследование основано на анализе научной литературы, нормативно-правовых документов и статистических данных. В статье также подчеркивается значение цифровизации налогового администрирования и современных реформ налоговой системы.

Ключевые слова

подходный налог, налоговая система, налоговая политика, фискальное регулирование, налоговое администрирование, налог на доходы физических лиц, налоговая система Узбекистана.

INTRODUCTION

Taxes represent one of the fundamental instruments through which governments regulate economic processes and ensure the financing of public expenditures. Among various forms of taxation, income tax occupies a particularly important place because it directly affects the distribution of income among individuals and the financial capacity of the state. Income tax serves not only as a fiscal mechanism but also as a regulatory tool that allows governments to influence consumption, savings, investment activity, and social equality.

In modern fiscal systems, income taxation is widely regarded as one of the most stable and predictable sources of state budget revenues. In the Republic of Uzbekistan, income tax has undergone substantial reforms over the past decade as part of the broader modernization of the national tax system. These reforms were aimed at simplifying tax administration, reducing the tax burden, encouraging entrepreneurship, and improving transparency in fiscal relations between the state and taxpayers. According to the current tax policy framework and the provisions of the Tax Code of the Republic of Uzbekistan, the personal income tax rate remains stable at 12 %, which reflects the government's strategy of maintaining a moderate and predictable tax environment for individuals and businesses. This uniform tax rate has contributed to increased compliance, improved tax administration, and greater fiscal stability.

The relevance of studying the essence and payment procedures of income tax is explained by the growing role of tax revenues in ensuring sustainable economic development and social welfare. In addition, the development of digital tax administration systems, electronic declarations, and open budget mechanisms has increased the transparency and accountability of tax payments in Uzbekistan. The purpose of this study is to analyze the economic nature of income tax, examine the legal framework governing its collection, and evaluate the procedures for its calculation and payment in the Republic of Uzbekistan. The research also considers statistical data and international theoretical approaches to assess the effectiveness of the current income tax system.

LITERATURE REVIEW

The concept of income taxation has been extensively studied in economic theory and public finance literature. Classical economists such as Adam Smith emphasized the importance of fairness, certainty, convenience, and efficiency in tax systems. According to Smith's principles of taxation, taxes should be proportional to the ability of individuals to pay, which laid the foundation for modern income taxation. Later economic thinkers expanded these ideas by exploring the redistributive function of income taxes. Keynesian economic theory highlighted the role of fiscal policy, including income taxation, in stabilizing economic cycles and stimulating aggregate demand. Income taxes can influence consumption behavior by affecting disposable income, which in turn impacts economic growth and employment.

Modern public finance scholars also emphasize the importance of balancing fiscal efficiency with social equity. Income taxation plays a key role in reducing income inequality by redistributing resources through government expenditures on education, healthcare, and social protection programs. In the context of transition economies, including Uzbekistan, tax reforms are often associated with the transformation from centrally planned systems to market-oriented economic structures. Researchers studying tax policy in post-Soviet countries emphasize the importance of simplifying tax systems, reducing administrative barriers, and strengthening institutional capacity.

Recent studies of Uzbekistan's tax reforms note that the introduction of a flat personal income tax rate and the digitalization of tax administration have significantly improved tax compliance and reduced informal economic activities. The implementation of electronic tax reporting systems and online taxpayer services has simplified the process of calculating and paying income taxes for individuals and enterprises. Empirical research also highlights that stable tax rates and transparent tax rules contribute to improved investment climate and economic growth. Uzbekistan's tax policy reforms have therefore focused on maintaining stability in key tax rates while gradually improving administrative efficiency and transparency in the tax system.

METHODOLOGY

The research methodology of this study is based on a combination of theoretical and empirical approaches widely used in economic research. The analysis relies on qualitative and quantitative methods to examine the nature and functioning of income taxation in Uzbekistan. The theoretical method is applied through the study of scientific literature on taxation, public finance, and fiscal policy. Works of international and domestic scholars were analyzed to identify the economic essence and functions of income tax in modern economic systems.

The comparative analysis method is used to examine the evolution of Uzbekistan's income tax system and compare it with general international taxation practices. This approach helps to determine the distinctive features of the national tax system and evaluate its effectiveness. Statistical analysis plays an important role in the research. Data on tax revenues and fiscal indicators were analyzed to assess the significance of income tax in the formation of state budget revenues. According to official statistics, personal income tax constitutes a substantial portion of public revenue streams and plays an important role in financing government programs and public services.

In addition, the legal analysis method is applied to examine the provisions of the Tax Code of the Republic of Uzbekistan and other regulatory acts governing the calculation and payment of income tax. This method allows for a detailed examination of the procedures related to tax calculation, declaration, and payment.

RESULTS

The analysis shows that income tax represents one of the key elements of Uzbekistan's tax system and plays an important role in ensuring fiscal sustainability. The modern structure of personal income taxation in Uzbekistan is characterized by simplicity, transparency, and a relatively low tax burden compared to many other countries.

According to the current legislation, individuals who are residents of Uzbekistan are subject to taxation on their worldwide income, while non-residents are taxed only on income derived from sources within the country. This principle is consistent with international tax practices and ensures fairness in the taxation of different categories of taxpayers. The standard personal income tax rate is 12 %, which applies to most types of income, including employment income, rental income, and certain capital gains. The maintenance of a single flat tax rate simplifies tax administration and reduces the complexity of tax calculations.

At the same time, specific categories of income may be taxed at different rates or may benefit from tax exemptions. For example, dividends and interest income may be subject to different withholding rates depending on the residency status of the taxpayer. The payment procedure for income tax generally follows two main mechanisms. The first mechanism is withholding at the source of income, which applies primarily to wages and salaries. In this case, employers act as tax agents and deduct the appropriate amount of tax before paying wages to employees.

The second mechanism involves self-assessment and declaration of income by individuals who receive income from independent economic activities, property rentals, or other

sources not subject to withholding. These taxpayers are required to submit tax declarations and pay the calculated tax amount within the deadlines established by law. Recent reforms in Uzbekistan have introduced electronic tax reporting systems that allow taxpayers to submit declarations online and track their tax obligations through digital platforms. These innovations have significantly simplified tax compliance and reduced administrative costs.

Statistical data also indicate that income tax revenues represent an important component of the national budget. For example, personal income tax generated approximately 19.9 trillion Uzbek soums in revenue, reflecting its significant contribution to the fiscal system.

DISCUSSION

The results of the study demonstrate that the current income tax system in Uzbekistan reflects the broader objectives of the country's fiscal policy. The maintenance of a moderate tax rate is intended to balance the goals of revenue generation, economic development, and social fairness. One of the key advantages of the Uzbek income tax system is its simplicity. The introduction of a flat tax rate reduces administrative complexity and makes it easier for taxpayers to understand their obligations. This approach has contributed to improved tax compliance and reduced opportunities for tax evasion.

Another important aspect is the digitalization of tax administration. The implementation of electronic tax services and the integration of digital databases allow tax authorities to monitor compliance more effectively and provide convenient services for taxpayers. However, some challenges remain in ensuring the efficiency of income tax administration. These include the need to further improve tax compliance among self-employed individuals, reduce informal economic activity, and strengthen public awareness of tax responsibilities.

Furthermore, as Uzbekistan continues its economic transformation and integration into the global economy, the tax system may require further modernization to align with international standards and best practices. This includes expanding the tax base, improving the transparency of fiscal policy, and enhancing cooperation with international tax institutions. Despite these challenges, the current income tax system has demonstrated a positive impact on fiscal stability and economic development. Stable tax rates and predictable tax rules create favorable conditions for business development and investment activity.

CONCLUSION

Income tax plays a crucial role in the fiscal system of the Republic of Uzbekistan and serves as an important source of state budget revenues. The analysis of its economic essence shows that income tax performs several key functions, including revenue generation, income redistribution, and economic regulation. The study of the legal framework and payment procedures indicates that the current tax system is characterized by simplicity, transparency, and administrative efficiency. The flat personal income tax rate and the widespread use of digital tax services have significantly improved tax compliance and reduced administrative barriers for taxpayers.

At the same time, the ongoing modernization of the tax system requires continuous improvement of tax administration mechanisms and expansion of the tax base. Strengthening taxpayer awareness, improving digital infrastructure, and enhancing institutional capacity remain important priorities for future tax policy reforms. Overall, the income tax system of Uzbekistan represents a balanced approach to fiscal policy that aims to ensure stable budget revenues while supporting economic growth and social development.

REFERENCES

1. Abdurazzoqov, R. H., & Karimov, I. J. (2021). Tax policy and its socio-economic impact. Tashkent: Finance Publishing.



2. Akhmedov, D. (2020). Tax policy and compliance in Uzbekistan. *Economic Review*, 15(2), 45–68.
3. Bobomurodova, M. (2025). Theoretical and practical aspects of taxation of personal income. *Multidisciplinary Journal of Science and Technology*, 5(1), 562–566.
4. Ibragimov, Z. I. (2024). Improving the system of taxation of population income in Uzbekistan. *Central Asian Journal of Innovations on Tourism Management and Finance*, 6(1).
5. Imamova, M. V. (2022). Theoretical foundations of taxation of personal income. *Asian Journal of Research in Banking and Finance*, 12(4).
6. International Monetary Fund. (2023). *Revenue mobilization for resilient economies*. Washington, DC: IMF Publishing.
7. Musgrave, R. A., & Musgrave, P. B. (2020). *Public finance in theory and practice*. New York: McGraw-Hill.
8. Organisation for Economic Co-operation and Development. (2023). *Tax policy reforms 2023: OECD and selected partner economies*. Paris: OECD Publishing.
9. Rasulev, A., Voronin, S., & Koraboev, B. (2024). Methodological problems of taxation in the Republic of Uzbekistan. *Society and Economics Journal*, 3, 13–33.
10. Shazadayev, F., & Matrasulova, S. (2023). Personal income tax. *International Journal of Biological Engineering and Agriculture*, 2(6), 31–33.
11. State Tax Committee of the Republic of Uzbekistan. (2024). *Annual report on tax revenues and administration*. Tashkent.
12. Tax Code of the Republic of Uzbekistan. (2023). Tashkent: Adolat Publishing House.
13. World Bank. (2023). *Taxation in developing countries: Principles and practices*. Washington, DC: World Bank Publications.